



Reprinted
January 29, 2008

HOUSE BILL No. 1153

DIGEST OF HB 1153 (Updated January 28, 2008 5:10 pm - DI 92)

Citations Affected: IC 4-31; IC 4-32.2; IC 4-36; IC 6-2.5; IC 6-8.1; IC 7.1-3; IC 27-1; IC 35-45; noncode.

Synopsis: Gaming. Authorizes advance deposit wagering on horse racing. Requires the gaming commission to adopt rules to establish the manner in which a qualified organization may supervise certain euchre games. Requires a qualified organization to designate an individual to serve as the operator of a charity gaming event. Establishes the conditions under which a patron may deal the cards in a game of euchre held at a charity game night. Provides that a patron who deals the cards in the euchre game is not considered to be a worker or an operator for purposes of the charity gaming law. Provides that a qualified organization holding an annual raffle license may conduct raffles at any time during a period of one year. Authorizes raffles, pull tabs, punchboards, and tip boards in establishments licensed to sell alcoholic beverages to customers for consumption on the licensed premises. Provides that the authorized sale of pull tabs, punchboards, and tip boards is exempt from the state gross retail tax. Specifies that the pull tab provisions do not apply to slot machine wagering at racetracks. Provides that fees paid by a retailer must be distributed to the county in which the retailer is located for allocation among the county and the cities, towns, and school corporations located in the county. Provides that excise taxes remitted by a distributor or manufacturer must be distributed to the home county of the retailer purchasing the pull tabs, punchboards, or tip boards. Requires the taxes to be allocated among
(Continued next page)

Effective: Upon passage; July 1, 2008.

Tyler, GiaQuinta, Bell

January 10, 2008, read first time and referred to Committee on Public Policy.
January 24, 2008, amended, reported — Do Pass.
January 28, 2008, read second time, amended, ordered engrossed.

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the county and the cities, towns, and school corporations located in the county. Provides that the allocations may be used for any lawful purpose. Requires a person who holds a retailers license or permit to sell alcoholic beverages for consumption on the premises to procure and maintain a policy of liability insurance after December 31, 2008, to cover the person's liability for damages arising out of the person's sale of alcoholic beverages. Authorizes persons to join together for the purchase of a group policy. Authorizes the sale of a group policy. Provides a procedure for a person who holds a license or permit to obtain a certificate of self-insurance from the department of insurance as an alternative to procuring insurance. Requires the commissioner of the department of insurance to adopt rules to establish minimum amounts of insurance coverage and self-insurance. Makes an appropriation.

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Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1153

A BILL FOR AN ACT to amend the Indiana Code concerning gaming and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-31-7-1, AS AMENDED BY P.L.233-2007,
2 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2008]: Sec. 1. (a) A person holding a permit to conduct a
4 horse racing meeting or a license to operate a satellite facility may
5 provide a place in the racing meeting grounds or enclosure or the
6 satellite facility at which the person may conduct and supervise the
7 pari-mutuel system of wagering by patrons of legal age on the horse
8 races conducted or simulcast by the person. The person may not permit
9 or use:
10 (1) another place other than that provided and designated by the
11 person; or
12 (2) another method or system of betting or wagering.
13 However, a permit holder licensed to conduct gambling games under
14 IC 4-35 may permit wagering on slot machines at a racetrack as
15 permitted by IC 4-35.
16 (b) Except as provided in section 7 of this chapter, ~~and~~ IC 4-31-5.5,
17 **and IC 4-31-7.5**, the pari-mutuel system of wagering may not be

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1 conducted on any races except the races at the racetrack, grounds, or
2 enclosure for which the person holds a permit.

3 SECTION 2. IC 4-31-7-3 IS AMENDED TO READ AS FOLLOWS
4 [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) The following equipment
5 must be provided and maintained in good working order at each permit
6 holder's racetrack or satellite facility, as applicable:

7 (1) A totalizator for win, place, and show wagering. The
8 totalizator must:

9 (A) be of a design approved by the commission;

10 (B) be capable of registering by automatic mechanical,
11 electric, or electronic means on central aggregators all wagers
12 made on each horse, entry, or the field in each of the win,
13 place, and show pools;

14 (C) display the totals wagered in a manner that permits ready
15 tabulation and recording of those totals by the commission's
16 representative before they are cleared from the central
17 aggregators; and

18 (D) display to the public on a board running totals of amounts
19 wagered in each of the win, place, and show pools on each
20 entry in each race.

21 (2) A telephone system connecting the judges' stand with the
22 office of the pari-mutuel plant and any other stations considered
23 necessary by the commission.

24 (3) A system of bells that shall be rung from the judges' stand to
25 signal the close of wagering.

26 (4) A button in the judges' stand that, when pressed, will lock
27 ticket-issuing machines and close wagering for each race.

28 (b) In addition to the requirements of subsection (a), a permit holder
29 may conduct exotic wagering only by the use of automatic mechanical,
30 electric, or electronic devices that:

31 (1) print and issue tickets evidencing individual wagers;

32 (2) locally print a permanent record of the tickets issued by each
33 machine or register on central aggregators by automatic
34 mechanical, electric, or electronic means the total dollar value of
35 those tickets; and

36 (3) permit ready tabulation and recording of those figures by the
37 commission's representative before they are cleared from the
38 central aggregators.

39 **(c) The commission may waive the requirements of subsection**
40 **(b) if the commission determines by rule that other systems or**
41 **technologies are available and sufficient to safeguard the public.**

42 **(d) This section does not apply to a licensed SPMO (as defined**

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by IC 4-31-7.5-5).

SECTION 3. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 7.5. Advance Deposit Wagering

Sec. 1. In enacting this chapter, it is the intent of the general assembly to recognize changes in technology for pari-mutuel wagering and to retain for the Indiana horse racing industry a portion of revenues generated by Indiana residents on wagers placed with secondary pari-mutuel organizations.

Sec. 2. As used in this chapter, "account holder" means an Indiana resident who has established an advance deposit wagering account.

Sec. 3. As used in this chapter, "advance deposit wagering" means a system of pari-mutuel wagering in which wagers, made in person, by telephone, or through communication by other electronic means, are debited and payouts credited to an account.

Sec. 4. As used in this chapter, "advance deposit wagering account" means an account for advance deposit wagering held by a licensed SPMO.

Sec. 5. As used in this chapter, "licensed SPMO" means a secondary pari-mutuel organization licensed under this chapter.

Sec. 6. As used in this chapter, "other electronic means" means communication by any electronic communication device, including personal computers, the internet, private networks, interactive televisions and wireless communication technologies, an Interactive computer service as defined in IC 35-45-5-1, or other technologies approved by the commission.

Sec. 7. As used in this chapter, "secondary pari-mutuel organization" means an entity that offers advance deposit wagering.

Sec. 8. As used in this chapter, "source market fee" refers to the amount of an advance deposit wager made on any race:

(1) through a licensed SPMO; and

(2) by an individual whose principal residence is within Indiana at the time the wager is made;

that a permit holder is entitled to receive from the licensed SPMO under the terms of the contract required by section 10 of this chapter between the licensed SPMO and each permit holder.

Sec. 9. Advance deposit wagering is permitted in Indiana, subject to this chapter and to rules adopted by the commission.

Sec. 10. (a) A licensed SPMO may accept wagers for races

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1 conducted within or outside Indiana. Wagers made under this
2 chapter are considered to have been made in Indiana.

3 (b) A licensed SPMO must have a single written contract signed
4 by each permit holder. The contract must be approved by the
5 commission. The contract must:

6 (1) specify the manner in which the amount of the source
7 market fee is determined for each permit holder; and

8 (2) govern all other aspects of the business relationship
9 between the licensed SPMO and each permit holder.

10 (c) A permit holder may not enter into an exclusive agreement
11 with a licensed SPMO.

12 Sec. 11. The commission shall adopt rules under IC 4-22-2,
13 including emergency rules, to implement this chapter, including
14 but not limited to rules that prescribe:

15 (1) procedures for verifying the age of a person opening an
16 advance deposit wagering account or placing a wager with a
17 licensed SPMO;

18 (2) requirements for opening and administering advance
19 deposit wagering accounts;

20 (3) a guarantee or acceptable surety that the full value of
21 balances in an advance deposit wagering account will be paid;

22 (4) record keeping requirements;

23 (5) licensure procedures, including investigation of applicants,
24 forms for licensure and procedures for renewal; and

25 (6) civil penalties for violations of this chapter or a rule
26 adopted by the commission.

27 Sec. 12. A licensed SPMO shall comply with all applicable
28 federal laws.

29 Sec. 13. A secondary pari-mutuel organization applying for a
30 license under this chapter must provide:

31 (1) Written evidence of approval, by the appropriate
32 regulatory authority in each state where the secondary
33 pari-mutuel organization is licensed, to conduct advance
34 deposit wagering.

35 (2) A copy of a proposed contract executed by the applicant
36 and each permit holder to satisfy the requirements of section
37 10 of this chapter.

38 (3) A nonrefundable application fee of five thousand dollars
39 (\$5,000).

40 (4) A complete application on a form prescribed by the
41 commission.

42 (5) Any other information required by the commission.

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1 **Sec. 14. The commission may require an applicant to pay any**
 2 **costs for background checks, investigation, and review of the**
 3 **license application in excess of five thousand dollars (\$5,000).**

4 **Sec. 15. (a) The commission may issue to a secondary**
 5 **pari-mutuel organization a license to offer advance deposit**
 6 **wagering to Indiana residents if the commission:**

7 **(1) finds that the applicant satisfies the requirements of this**
 8 **chapter and the rules adopted by the commission under**
 9 **section 11 of this chapter; and**

10 **(2) approves the contract submitted under section 13 of this**
 11 **chapter.**

12 **(b) The term of a license issued under this chapter is one (1)**
 13 **year.**

14 **(c) The annual license renewal fee is one thousand dollars**
 15 **(\$1,000).**

16 **Sec 16. The total amount of source market fees to be paid to**
 17 **purses shall be determined by contracts between a permit holder**
 18 **and the applicable horsemen's associations, subject to approval of**
 19 **the commission.**

20 **Sec. 17. A secondary pari-mutuel organization that is not**
 21 **licensed under this chapter may not accept a wager from a person**
 22 **whose physical location is within Indiana at the time the wager is**
 23 **made.**

24 **Sec. 18. A person less than twenty one (21) years of age may not**
 25 **open, own, or have access to an advance deposit wagering account.**

26 **Sec. 19. (a) A permit holder has a right of action against a**
 27 **secondary pari-mutuel organization that accepts a wager in**
 28 **violation of section 17 of this chapter.**

29 **(b) If the plaintiff prevails in an action filed under this section,**
 30 **the plaintiff is entitled to the following:**

31 **(1) An injunction to enjoin future violations of this chapter.**

32 **(2) Compensatory damages equal to any actual damage**
 33 **proven by the plaintiff. If the plaintiff does not prove actual**
 34 **damage, the plaintiff is entitled to presumptive damages of**
 35 **five hundred dollars (\$500) for each wager placed in violation**
 36 **of this chapter.**

37 **(3) The plaintiff's reasonable attorney's fees and other**
 38 **litigation costs reasonably incurred in connection with the**
 39 **action.**

40 **(c) A secondary pari-mutuel organization that accepts a wager**
 41 **in violation of section 17 of this chapter submits to the jurisdiction**
 42 **of Indiana courts for purposes of this chapter.**

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SECTION 4. IC 4-32.2-1-1, AS AMENDED BY P.L.227-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) This article applies only to a qualified organization.

(b) This article applies only to the following approved gambling events conducted as fundraising activities by qualified organizations:

(1) Bingo events, charity game nights, door prize events, raffle events, festivals, and other gaming events approved by the commission.

(2) The sale of pull tabs, punchboards, and tip boards:

(A) at bingo events, charity game nights, door prize events, raffle events, and festivals conducted by qualified organizations; or

(B) at any time on the premises owned or leased by a qualified organization and regularly used for the activities of the qualified organization.

This article does not apply to any other sale of pull tabs, punchboards, and tip boards.

(c) This article does not apply to a promotion offer subject to IC 24-8.

(d) This article does not apply to the following:

(1) A type II gambling game authorized by IC 4-36.

(2) A raffle or other gambling game authorized by IC 4-36-5-1(b).

SECTION 5. IC 4-32.2-2-21, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 21. "Operator" means an individual who is:

(1) designated under IC 4-32.2-5-1.5 to serve as the operator for an allowable event; and

(2) responsible for conducting an allowable event for a qualified organization under this article in accordance with Indiana law.

SECTION 6. IC 4-32.2-2-30, AS AMENDED BY P.L.227-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 30. **Except as provided in IC 4-32.2-5-14(b),** "worker" means an individual who helps or participates in any manner in conducting or assisting in conducting an allowable event under this article.

SECTION 7. IC 4-32.2-3-3, AS AMENDED BY P.L.227-2007, SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) The commission shall adopt rules under IC 4-22-2 for the following purposes:

(1) Administering this article.

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(2) Establishing the conditions under which charity gaming in Indiana may be conducted, **including the manner in which a qualified organization may supervise a euchre game conducted under IC 4-32.2-5-14(b).**

(3) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of charity gaming.

(4) Establishing rules concerning inspection of qualified organizations and the review of the licenses necessary to conduct charity gaming.

(5) Imposing penalties for noncriminal violations of this article.

(6) Establishing standards for independent audits conducted under IC 4-32.2-5-5.

(b) The commission may adopt emergency rules under IC 4-22-2-37.1 if the commission determines that:

(1) the need for a rule is so immediate and substantial that rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 are inadequate to address the need; and

(2) an emergency rule is likely to address the need.

SECTION 8. IC 4-32.2-4-9, AS AMENDED BY P.L.227-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) The commission may issue an annual raffle license to a qualified organization if:

(1) the provisions of this section are satisfied; and

(2) the qualified organization:

(A) submits an application; and

(B) pays a fee set by the commission under IC 4-32.2-6.

(b) The application for an annual raffle prize license must contain the following:

(1) The name of the qualified organization.

(2) The location where the raffle events will be held.

(3) The names of the operator and officers of the qualified organization.

(c) A license issued under this section:

(1) ~~may~~ **must** authorize the qualified organization to conduct raffle events ~~on more than one (1) occasion at any time~~ during a period of one (1) year;

(2) must state the locations of the permitted raffle events;

(3) must state the expiration date of the license; and

(4) may be reissued annually upon the submission of an application for reissuance on the form established by the commission and upon the licensee's payment of a fee set by the

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commission.

(d) A license issued under this section is not required for raffles permitted under section 13 of this chapter at events held under a bingo license, a special bingo license, a charity game night license, a door prize license, or an annual door prize license.

SECTION 9. IC 4-32.2-5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 1.5. For each allowable event conducted under this article, a qualified organization shall designate an individual to serve as the operator of the allowable event. An individual designated under this section must be qualified to serve as an operator under this article.**

SECTION 10. IC 4-32.2-5-6, AS AMENDED BY P.L.227-2007, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 6. (a) Except as provided in IC 4-32.2-4-9 and IC 4-32.2-4-16.5, a qualified organization may not conduct more than three (3) allowable events during a calendar week and not more than one (1) allowable event each day.**

(b) Except as provided in IC 4-32.2-4-9, IC 4-32.2-4-12, and IC 4-32.2-4-16.5, allowable events may not be held on more than two (2) consecutive days.

(c) A qualified organization may conduct one (1) additional festival event during each six (6) months of a calendar year.

SECTION 11. IC 4-32.2-5-14, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 14. (a) An operator or a worker may not directly or indirectly participate, other than in a capacity as an operator or a worker, in an allowable event that the operator or worker is conducting.**

(b) A patron at a charity game night may deal the cards in a card game if:

- (1) the card game in which the patron deals the cards is a game of euchre;**
- (2) the patron deals the cards in the manner required in the ordinary course of the game of euchre; and**
- (3) the euchre game is played under the supervision of the qualified organization conducting the charity game night in accordance with rules adopted by the commission under IC 4-32.2-3-3.**

A patron who deals the cards in a euchre game conducted under this subsection is not considered a worker or an operator for purposes of this article.

SECTION 12. IC 4-36 IS ADDED TO THE INDIANA CODE AS

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A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

**ARTICLE 36. TYPE II GAMING IN ESTABLISHMENTS
LICENSED TO SELL ALCOHOLIC BEVERAGES**

Chapter 1. General Provisions

Sec. 1. Under 15 U.S.C. 1172, approved January 2, 1951, the state of Indiana, acting by and through the elected and qualified members of the legislature, declares that the state is exempt from 15 U.S.C. 1172.

Sec. 2. All shipments of gambling games authorized under this article to distributors and retailers in Indiana, the registering, recording, and labeling of which have been completed by the manufacturer or dealer in accordance with 15 U.S.C. 1171 through 15 U.S.C. 1178, are legal shipments of gambling devices into the state of Indiana.

Sec. 3. This article does not apply to the following:

- (1) The Indiana state lottery established under IC 4-30.
- (2) Pari-mutuel horse racing under IC 4-31.
- (3) Charity gaming under IC 4-32.2.
- (4) Riverboat gambling under IC 4-33.
- (5) Slot machine wagering under IC 4-35.

Sec. 4. Nothing in this article may be construed to authorize the use of an electronic gaming device in a type II gambling operation.

Chapter 2. Definitions

Sec. 1. The definitions in this chapter apply throughout this article.

Sec. 2. "Commission" means the Indiana gaming commission.

Sec. 3. "Deal" means each separate game or series of pull tab tickets with a specific form number and a unique serial number.

Sec. 4. "Department" refers to the department of state revenue.

Sec. 5. "Distributor" means a person licensed to distribute pull tabs, punchboards, and tip boards under IC 4-32.2.

Sec. 6. "Electronic gaming device" has the meaning set forth in IC 35-45-5-1.

Sec. 7. "Executive director" means the executive director of the Indiana gaming commission appointed under IC 4-33-3-18.

Sec. 8. "Flare" means the board or placard that accompanies each deal of pull tabs on which the following information is printed:

- (1) The game name.
- (2) The manufacturer's name or distinctive logo.
- (3) The form number.

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- (4) The ticket count.
- (5) The prize structure.
- (6) The cost per play.
- (7) The game serial number.

Sec. 9. "Form number" means the unique number or alphanumeric code that identifies a game's cost per play, ticket count, payout structure, and extended payout structure, if any.

Sec. 10. "Fund" means the type II gaming enforcement fund established by IC 4-36-6-3.

Sec. 11. "Gross receipts" means the total amount of money exchanged for the purchase of raffle tickets, pull tabs, punchboards, and tip boards by type II gaming patrons.

Sec. 12. "Licensed premises" has the meaning set forth in IC 7.1-1-3-20.

Sec. 13. "Licensee" means a person holding a license issued under this article.

Sec. 14. "Manufacturer" means a person licensed to manufacture pull tabs, punchboards, and tip boards under IC 4-32.2.

Sec. 15. "Person" means an individual, a sole proprietorship, a partnership, an association, a fiduciary, a corporation, a limited liability company, or any other business entity.

Sec. 16. "Pull tab" has the meaning set forth in IC 4-32.2-2-22.

Sec. 17. "Punchboard" has the meaning set forth in IC 4-32.2-2-23.

Sec. 18. "Raffle" means the selling of tickets or chances to win a prize awarded through a random drawing.

Sec. 19. "Retailer" means a person that is licensed:

- (1) to sell alcoholic beverages under IC 7.1-3 to customers for consumption on the person's licensed premises; and
- (2) to conduct type II gambling games under a retailer's license issued under IC 4-36-4.

Sec. 20. "Tip board" has the meaning set forth in IC 4-32.2-2-28.

Sec. 21. "Type II gambling game" means a pull tab, punchboard, or tip board game approved by the commission for play under both IC 4-32.2 and this article.

Sec. 22. "Type II gambling operation" means the conduct of gambling games authorized under this article in a licensed establishment.

Chapter 3. Powers and Duties of the Commission

Sec. 1. (a) The commission shall supervise and administer type

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II gambling operations conducted in Indiana under this article.

(b) The commission shall enforce this article.

(c) The commission may by resolution assign to the executive director any duty imposed upon the commission by this article.

(d) The executive director shall perform the duties assigned to the executive director by the commission. The executive director may exercise any power conferred upon the commission by this article that is consistent with the duties assigned to the executive director under subsection (c).

Sec. 2. For purposes of conducting an investigation or a proceeding under this article, the commission may do the following:

(1) Administer oaths.

(2) Take depositions.

(3) Issue subpoenas.

(4) Compel the attendance of witnesses and the production of books, papers, documents, and other evidence.

Sec. 3. (a) The commission may adopt rules under IC 4-22-2 for the establishment, implementation, and operation of type II gambling games and to ensure that the type II gambling operations are consistently operated in a fair and honest manner.

(b) The commission may adopt emergency rules under IC 4-22-2-37.1 for the administration of this article if the commission determines that:

(1) the need for a rule is so immediate and substantial that rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 are inadequate to address the need; and

(2) an emergency rule is likely to address the need.

Sec. 4. (a) The commission has the sole authority to issue a license to a person authorizing the person to sell, distribute, or manufacture type II gambling games under this article.

(b) The commission may not limit the number of persons licensed under this article.

Chapter 4. Licensing

Sec. 1. The commission may issue a retailer's license to an applicant that satisfies the requirements of this article. A retailer's license allows the retailer to conduct type II gaming at only the licensed premises specified in the retailer's application under section 3(b)(2) of this chapter. An applicant must obtain a separate retailer's license for each licensed premises on which the applicant wishes to conduct type II gaming.

Sec. 2. (a) To qualify for a retailer's license, a person must

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operate an establishment licensed under IC 7.1-3 to sell alcoholic beverages to customers for consumption on the person's licensed premises.

(b) Notwithstanding subsection (a), the following may not apply for a retailer's license under this article:

- (1) A person holding a horse track permit under IC 7.1-3-17.7.
- (2) A licensed owner of a riverboat licensed under IC 4-33.
- (3) An operating agent who operates a riverboat in a historic hotel district under IC 4-33.
- (4) A qualified organization (as defined in IC 4-32.2-2-24).
- (5) A person holding a gambling game license issued under IC 4-35-5.

Sec. 3. (a) To obtain a retailer's license, a person must submit an application form to the commission.

(b) An application submitted under this section must include at least the following:

- (1) The name and address of the applicant and of any person holding at least a ten percent (10%) interest in the applicant.
- (2) The name and address of the licensed premises for which the applicant seeks a retailer's license.
- (3) The applicant's consent to credit investigations and criminal record searches.
- (4) Waivers and releases signed by the applicant that the commission believes are necessary to ensure a full and complete review of the application.

(c) An applicant must furnish all information requested by the commission, including financial data and documents, certifications, consents, waivers, and individual histories.

(d) The commission shall review the applications for a retailer's license under this chapter and shall inform each applicant of the commission's decision concerning the issuance of a retailer's license.

Sec. 4. The costs of investigating an applicant for a retailer's license under this chapter shall be paid from the initial license fee paid by the applicant under section 5 of this chapter.

Sec. 5. (a) The commission shall charge the following fees for the issuance of a person's initial annual license under this chapter:

- (1) Two hundred fifty dollars (\$250) for a retailer's license to conduct a type II gambling operation in the retailer's licensed premises.
- (2) One thousand dollars (\$1,000) for a distributor's license.
- (3) One thousand five hundred dollars (\$1,500) for a

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1 manufacturer's license.

2 (b) The commission shall charge the following fees for the
3 renewal of a person's annual license under this chapter:

4 (1) The amount determined under section 6 of this chapter for
5 a retailer's license.

6 (2) One thousand dollars (\$1,000) for a distributor's license.

7 (3) One thousand five hundred dollars (\$1,500) for a
8 manufacturer's license.

9 Sec. 6. (a) For the purposes of subsection (c), a retailer's
10 adjusted gross revenue is an amount equal to the difference
11 between:

12 (1) the retailer's total gross revenue from the retailer's type II
13 gambling operations in the preceding year; minus

14 (2) the sum of any amounts deducted under subsection (b) in
15 the preceding year.

16 (b) To determine the amount of a retailer's adjusted gross
17 revenue from the retailer's type II gambling operations in the
18 preceding year under subsection (a), the retailer shall subtract the
19 following from the retailer's gross receipts:

20 (1) An amount equal to the total value of the prizes awarded
21 in the preceding year.

22 (2) The sum of the purchase prices paid for type II gambling
23 games dispensed in the retailer's type II gambling operation
24 in the preceding year.

25 (3) An amount equal to the amount of license fees paid by the
26 retailer in the preceding year.

27 (c) The license fee that is charged to a retailer that renews the
28 license must be based on the adjusted gross revenue from the
29 retailer's type II gambling operations in the preceding year,
30 according to the following schedule:

Class	Adjusted Gross Revenues		Fee
	At Least	But Less Than	
A	\$ 0	\$ 15,000	\$ 50
B	\$ 15,000	\$ 25,000	\$ 100
C	\$ 25,000	\$ 50,000	\$ 300
D	\$ 50,000	\$ 75,000	\$ 400
E	\$ 75,000	\$ 100,000	\$ 700
F	\$ 100,000	\$ 150,000	\$ 1,000
G	\$ 150,000	\$ 200,000	\$ 1,500
H	\$ 200,000	\$ 250,000	\$ 1,800
I	\$ 250,000	\$ 300,000	\$ 2,500
J	\$ 300,000	\$ 400,000	\$ 3,250



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1	K	\$ 400,000	\$ 500,000	\$ 5,000
2	L	\$ 500,000	\$ 750,000	\$ 6,750
3	M	\$ 750,000	\$ 1,000,000	\$ 9,000
4	N	\$ 1,000,000	\$ 1,250,000	\$ 11,000
5	O	\$ 1,250,000	\$ 1,500,000	\$ 13,000
6	P	\$ 1,500,000	\$ 1,750,000	\$ 15,000
7	Q	\$ 1,750,000	\$ 2,000,000	\$ 17,000
8	R	\$ 2,000,000	\$ 2,250,000	\$ 19,000
9	S	\$ 2,250,000	\$ 2,500,000	\$ 21,000
10	T	\$ 2,500,000	\$ 3,000,000	\$ 24,000
11	U	\$ 3,000,000		\$ 26,000

12 **Sec. 7. The commission may issue a distributor's license to an**
 13 **applicant who meets the requirements of this article.**

14 **Sec. 8. The commission may issue a manufacturer's license to an**
 15 **applicant who meets the requirements of this article.**

16 **Sec. 9. (a) To obtain a distributor's license or a manufacturer's**
 17 **license, a person must submit an application to the commission on**
 18 **a form prescribed by the commission. An applicant shall furnish all**
 19 **information required by the commission.**

20 **(b) To qualify for a distributor's license or a manufacturer's**
 21 **license under this chapter, a person must also be a licensed**
 22 **distributor or manufacturer under IC 4-32.2.**

23 **Sec. 10. The commission shall conduct or cause to be conducted**
 24 **a background investigation of each applicant for licensure.**

25 **Sec. 11. Criminal history record information obtained during**
 26 **the investigation of an individual must be maintained by the**
 27 **commission for the term of the license and for any subsequent**
 28 **license term.**

29 **Sec. 12. The commission may require that an application or**
 30 **other document submitted by an applicant or a licensee must be**
 31 **sworn to or affirmed before a notary public.**

32 **Sec. 13. The commission may not issue a license to an applicant**
 33 **if any of the following apply:**

34 **(1) The applicant has knowingly made a false statement of**
 35 **material fact to the commission.**

36 **(2) The applicant is found by the commission to lack the**
 37 **necessary financial stability or responsibility for licensure.**

38 **(3) The applicant, if an individual, is less than twenty-one (21)**
 39 **years of age on the date on which the application is received**
 40 **by the commission.**

41 **(4) The applicant is on the most recent tax warrant list.**

42 **(5) The applicant, if an individual, has been convicted of or**

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entered a plea of guilty or nolo contendere to a felony within the ten (10) years preceding the date of the license application, unless the commission determines that:

(A) the individual has been pardoned or the individual's civil rights have been restored;

(B) after the conviction or entry of the plea, the individual has engaged in the kind of law abiding commerce and good citizenship that would reflect well upon the integrity of the commission; or

(C) the individual has terminated a relationship with a person whose actions directly contributed to the conviction or entry of the plea.

(6) The applicant fails to provide all materials requested by the commission.

Sec. 14. Credit and security investigation information submitted in connection with an application for a license under this article is confidential and may not be disclosed except for official purposes under this article or under a judicial order.

Sec. 15. A license issued under this article may not be transferred without prior written approval of the commission.

Sec. 16. If the commission proposes to revoke a license issued under this chapter, the licensee may continue to operate under the license until the commission has made a decision and all administrative appeals have been exhausted by the licensee.

Chapter 5. Type II Gambling Operations

Sec. 1. (a) A retailer may offer the sale of type II gambling games in accordance with this article.

(b) A retailer's license also authorizes a retailer to conduct the following gambling games on the retailer's licensed premises:

(1) Raffles in which the retailer retains the proceeds of the raffle drawing.

(2) Winner take all drawings in which the retailer retains no portion of the amounts wagered.

Sec. 2. A type II gambling game may be sold under this article only on the retailer's licensed premises.

Sec. 3. (a) A retailer that obtains a type II gambling game must obtain the type II gambling game from a distributor licensed by the commission under this article.

(b) Except as provided in subsection (c), a distributor must obtain at least twenty-five percent (25%) of the type II gambling games purchased by the distributor from a manufacturer that is domiciled in Indiana.

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(c) The commission may excuse a distributor from the requirement set forth in subsection (b) if the commission finds that at least one (1) of the following conditions exists:

(1) No manufacturer domiciled in Indiana is licensed under this article.

(2) No manufacturer domiciled in Indiana is in good standing with the requirements of this article.

(3) All of the licensed manufacturers domiciled in Indiana also hold distributor's licenses.

Sec. 4. A retailer shall maintain accurate records of all financial aspects of the retailer's type II gambling operation. A retailer shall make accurate reports of all financial aspects of the type II gambling operation to the commission within the time established by the commission. The commission shall prescribe forms for this purpose.

Sec. 5. (a) The total prizes awarded for one (1) type II gambling game may not exceed five thousand dollars (\$5,000).

(b) A single prize awarded for one (1) winning ticket in a type II gambling game may not exceed five hundred ninety-nine dollars (\$599).

(c) The selling price for one (1) ticket for a type II gambling game may not exceed one dollar (\$1). Tickets sold for less than one dollar (\$1) must be sold for a price specified in section 6(b) of this chapter.

Sec. 6. (a) Except as provided in subsection (b), a type II gambling game must pay out at least seventy-five percent (75%) and not more than one hundred percent (100%) of the amount wagered.

(b) This subsection applies only to a type II gambling game ticket that is sold for less than one dollar (\$1). A type II gambling game subject to this subsection must comply with the following minimum payout percentages:

Purchase Price	Minimum Payout Percentage
\$0.10	60%
\$0.25	65%
Three (3) tickets for one dollar (\$1)	65%
\$0.50	70%

(c) A type II gambling game's pay out percentage must be stated on the ticket or on the accompanying flare.

Sec. 7. The following persons may not play or participate in any manner in a type II gambling game:

(1) An employee of the commission.

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(2) A person less than twenty-one (21) years of age.

(3) The retailer offering the type II gambling game.

(4) A person employed by the retailer offering the type II gambling game.

Chapter 6. Type II Gaming Enforcement Fund

Sec. 1. As used in this chapter, "county resident student" means a student who:

(1) resides in a county that makes a distribution required by section 7(a)(2) or 8(a)(2) of this chapter; and

(2) is enrolled in a school corporation that has at least some territory within the county in which the student resides.

Sec. 2. As used in this chapter, "school corporation" has the meaning set forth in IC 36-1-2-17.

Sec. 3. The type II gaming enforcement fund is established. The commission shall administer the fund.

Sec. 4. The fees, civil penalties, and taxes collected by the commission or the department under this article shall be deposited in the fund.

Sec. 5. Money in the fund does not revert to the state general fund at the end of a state fiscal year. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.

Sec. 6. There is appropriated annually to the commission from the fund an amount sufficient to cover the costs incurred by the commission for the purposes specified in this article.

Sec. 7. (a) After funds are appropriated under section 6 of this chapter, each month the treasurer of state shall distribute the fees paid by a retailer under this article in the previous month to the county treasurer of the county in which the retailer is located for distribution as follows:

(1) Two-thirds (2/3) for allocation among the county and the cities and towns located in the county.

(2) One-third (1/3) for allocation among the school corporations located in the county.

(b) The county auditor shall distribute the money received by the county for allocation under subsection (a)(1) as follows:

(1) To each city located in the county, according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county, according to the ratio the town's population bears to the total population of the

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1 county.

2 (3) After the distributions required in subdivisions (1) and (2)
3 are made, the remainder shall be retained by the county.

4 (c) The money received by the county for allocation under
5 subsection (a)(2) must be divided among the school corporations on
6 a pro rata basis according to the ratio the number of county
7 resident students enrolled in each school corporation bears to the
8 total number of county resident students enrolled in the school
9 corporations located in the county. Revenue received by a school
10 corporation under this section is considered miscellaneous revenue.

11 (d) Money allocated under this section to a county, city, town, or
12 school corporation may be used for any lawful purpose.

13 Sec. 8. (a) After funds are appropriated under section 6 of this
14 chapter, each month the treasurer of state shall distribute the
15 amount certified under IC 4-36-10-8 for a particular county to the
16 county treasurer of that county for distribution as follows:

17 (1) Two-thirds (2/3) for allocation among the county and the
18 cities and towns located in the county.

19 (2) One-third (1/3) for allocation among the school
20 corporations located in the county.

21 (b) The county auditor shall distribute the money received by
22 the county for allocation under subsection (a)(1) as follows:

23 (1) To each city located in the county, according to the ratio
24 the city's population bears to the total population of the
25 county.

26 (2) To each town located in the county, according to the ratio
27 the town's population bears to the total population of the
28 county.

29 (3) After the distributions required in subdivisions (1) and (2)
30 are made, the remainder shall be retained by the county.

31 (c) The money received by the county for allocation under
32 subsection (a)(2) must be divided among the school corporations on
33 a pro rata basis according to the ratio the number of county
34 resident students enrolled in each school corporation bears to the
35 total number of county resident students enrolled in the school
36 corporations located in the county. Revenue received by a school
37 corporation under this section is considered miscellaneous revenue.

38 (d) Money allocated under this section to a county, city, town, or
39 school corporation may be used for any lawful purpose.

40 Chapter 7. Penalties

41 Sec. 1. (a) The commission may suspend or revoke the license of
42 or levy a civil penalty against a licensee for any of the following:

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- 1 (1) Violation of a provision of this article or of a rule of the
- 2 commission.
- 3 (2) Failure to accurately account for type II gambling games.
- 4 (3) Failure to accurately account for sales proceeds from type
- 5 II gambling operations.
- 6 (4) Commission of a fraud, deceit, or misrepresentation.
- 7 (5) Conduct prejudicial to public confidence in the
- 8 commission.
- 9 (b) If a violation is of a continuing nature, the commission may
- 10 impose a civil penalty on a licensee for each day the violation
- 11 continues.
- 12 Sec. 2. The commission may impose on a licensee the following
- 13 civil penalties:
- 14 (1) Not more than one thousand dollars (\$1,000) for the first
- 15 violation.
- 16 (2) Not more than two thousand five hundred dollars (\$2,500)
- 17 for the second violation.
- 18 (3) Not more than five thousand dollars (\$5,000) for each
- 19 additional violation.
- 20 Sec. 3. In addition to the penalties described in section 2 of this
- 21 chapter, the commission may do all or any of the following:
- 22 (1) Suspend or revoke a license issued under this article.
- 23 (2) Lengthen a period of suspension of a license issued under
- 24 this article.
- 25 (3) Impose an additional civil penalty of not more than one
- 26 hundred dollars (\$100) for each day a civil penalty goes
- 27 unpaid.
- 28 Sec. 4. Except as provided in section 5 of this chapter, a person
- 29 who violates this article commits a Class A infraction.
- 30 Sec. 5. A person who knowingly or intentionally:
- 31 (1) makes a false statement on an application submitted under
- 32 this article;
- 33 (2) operates a type II gambling operation in which wagering
- 34 is conducted or is to be conducted in a manner other than the
- 35 manner required under this article;
- 36 (3) permits a person less than twenty-one (21) years of age to
- 37 play a type II gambling game; or
- 38 (4) wagers or accepts a wager on a type II gambling game at
- 39 a location other than a retailer's licensed premises;
- 40 commits a Class A misdemeanor.
- 41 Chapter 8. Security
- 42 Sec. 1. The commission is responsible for security matters under

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1 this article. The commission may employ individuals who are
2 necessary to carry out this chapter.

3 **Sec. 2. The commission may do any of the following:**

4 (1) Investigate an alleged violation of this article.

5 (2) Enter the following premises for the performance of the
6 commission's lawful duties:

7 (A) A retailer's licensed premises.

8 (B) A place in which type II gambling games are being
9 purchased, sold, manufactured, printed, or stored.

10 (3) Take necessary equipment from the premises referred to
11 in subdivision (2) for further investigation.

12 (4) Obtain full access to all financial records of the alleged
13 violator on request.

14 (5) If there is a reason to believe that a violation has occurred,
15 search and inspect the premises where the violation is alleged
16 to have occurred or is occurring. A search under this
17 subdivision may not be conducted unless a warrant has first
18 been obtained by the executive director. A contract entered
19 into by the commission may not include a provision allowing
20 for warrantless searches. A warrant may be obtained in the
21 county in which the search will be conducted or in Marion
22 County.

23 (6) Seize or take possession of:

24 (A) papers;

25 (B) records;

26 (C) tickets;

27 (D) currency; or

28 (E) other items;

29 related to an alleged violation.

30 **Sec. 3. The commission shall conduct investigations necessary**
31 **to ensure the security and integrity of the operation of type II**
32 **gambling games under this article. The commission may conduct**
33 **investigations of the following:**

34 (1) Retailers.

35 (2) Applicants for licenses issued under this article.

36 (3) Licensed manufacturers and distributors.

37 (4) Employees of the commission under this article.

38 (5) Applicants for contracts or employment with the
39 commission under this article.

40 **Sec. 4. (a) The state police department shall, at the request of the**
41 **executive director, provide the following:**

42 (1) Assistance in obtaining criminal history information

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relevant to investigations required for honest, secure, exemplary operations under this article.

(2) Any other assistance requested by the executive director and agreed to by the superintendent of the state police department.

(b) Any other state agency, including the alcohol and tobacco commission and the Indiana professional licensing agency, shall upon request provide the executive director with information relevant to an investigation conducted under this article.

Chapter 9. State Preemption

Sec. 1. Type II gambling games other than those authorized by the commission under this article are not allowed in Indiana.

Sec. 2. Local taxes, regardless of type, may not be imposed on the operations of the commission under this article or on the sale of type II gambling games under this article.

Sec. 3. (a) Local governmental authority concerning the following is preempted by the state under this article:

(1) All matters relating to the operation of type II gambling games.

(2) All matters relating to the possession, transportation, advertising, sale, manufacture, printing, storing, or distribution of type II gambling games.

(b) A county, a municipality, or another political subdivision of the state may not enact an ordinance relating to the commission's operations authorized by this article.

Sec. 4. A state or local law providing a penalty for or a restriction or prohibition against the operation of type II gambling games or the possession, manufacture, transportation, distribution, advertising, printing, storing, or sale of type II gambling games does not apply to the operation of type II gambling games under this article or to the possession, manufacture, transportation, distribution, advertising, printing, storing, or sale of type II gambling games under this article.

Chapter 10. Type II Gambling Game Excise Tax

Sec. 1. An excise tax is imposed on the distribution of type II gambling games in the amount of ten percent (10%) of the price paid by the retailer that purchases the type II gambling games.

Sec. 2. A licensed entity distributing pull tabs, punchboards, or tip boards under this article is liable for the tax. The tax is imposed at the time the licensed entity:

(1) brings or causes the type II gambling games to be brought into Indiana for distribution;

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- 1 (2) distributes type II gambling games in Indiana; or
 2 (3) transports type II gambling games to retailers in Indiana
 3 for resale by those retailers in accordance with this article.

4 **Sec. 3. The department shall establish procedures by which each**
 5 **licensee must account for the following:**

- 6 (1) The tax collected under this chapter by the licensee.
 7 (2) The type II gambling games sold by the licensee.
 8 (3) The funds received for the sale of type II gambling games
 9 by the licensee.
 10 (4) The address of each retailer that purchased pull tabs,
 11 punchboards, or tip boards from the licensee in the previous
 12 calendar month.

13 **Sec. 4. A payment by a licensee to the department may not be in**
 14 **cash. All payments must be in the form of a check, a draft, an**
 15 **electronic funds transfer, or another financial instrument**
 16 **authorized by the department. The department may require a**
 17 **licensee to establish a separate electronic funds transfer account to**
 18 **make payments to the department.**

19 **Sec. 5. All taxes imposed on a licensee under this chapter shall**
 20 **be remitted to the department on a monthly basis at the times and**
 21 **as directed by the department. The department is responsible for**
 22 **all administrative functions related to the receipt of funds. The**
 23 **department may require a licensee to file with the department**
 24 **reports of the licensee's receipts and transactions in the sale of type**
 25 **II gambling games. The department shall prescribe the form of the**
 26 **reports and the information to be contained in the reports.**

27 **Sec. 6. The department may at any time perform an audit of the**
 28 **books and records of a licensee to ensure compliance with this**
 29 **article.**

30 **Sec. 7. The department shall deposit all taxes collected under**
 31 **this chapter in the type II gaming enforcement fund.**

32 **Sec. 8. Each month the department shall calculate for each**
 33 **county the amount of taxes remitted under this chapter in the**
 34 **previous month that are attributable to the distribution of pull**
 35 **tabs, punchboards, and tip boards to retailers located in the**
 36 **county. Subject to the amounts appropriated to the commission**
 37 **under IC 4-36-6-6, the department shall certify to the treasurer of**
 38 **state and the county treasurer in each county the amount of the**
 39 **taxes remitted in the previous month that the county is entitled to**
 40 **receive under IC 4-36-6-8.**

41 **SECTION 13. IC 6-2.5-5-43 IS ADDED TO THE INDIANA CODE**
 42 **AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY**

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1, 2008]: **Sec. 43. Sales of type II gambling games authorized by IC 4-36 are exempt from the state gross retail tax.**

SECTION 14. IC 6-8.1-1-1, AS AMENDED BY P.L.233-2007, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the slot machine wagering tax (IC 4-35-8); **the type II gambling game excise tax (IC 4-36-10)**; the gross income tax (IC 6-2.1) (repealed); the utility receipts and utility services use taxes (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 15. IC 7.1-3-27 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 27. Liability Insurance

Sec. 1. Except as provided in section 2 of this chapter, a person who:

- (1) holds a retailer license or permit; and
- (2) sells alcoholic beverages for consumption on the licensed

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or permitted premises;
shall procure and, after December 31, 2008, continuously maintain a policy of liability insurance to cover the person's liability for damages arising out of the person's sale of alcoholic beverages for consumption on the licensed or permitted premises.

Sec. 2. (a) A person described in section 1 of this chapter is not required to maintain liability insurance under section 1 of this chapter if the person holds a certificate of self-insurance issued under this section.

(b) The department of insurance may, upon the application of a person described in section 1 of this chapter, issue to the person a certificate of self-insurance if the department of insurance is satisfied that the person making the application possesses and will continue to possess the ability to pay a judgment obtained against the person for damages arising out of the person's sale of alcoholic beverages for consumption on the licensed premises.

Sec. 3. The minimum amounts of insurance coverage or self-insurance required under this chapter shall be established in rules adopted by the insurance commissioner under section 6 of this chapter.

Sec. 4. Two (2) or more persons described in section 1 of this chapter may comply with this chapter by joining together to form a group for the purpose of:

- (1) purchasing a group policy of liability insurance; or
 - (2) mutual risk sharing of losses of members of the group through self insurance approved by the department of insurance as described in section 2 of this chapter;
- to provide the coverage or ability to pay a judgement as required under this chapter.

Sec. 5. A person who violates this chapter is subject to the penalties set forth in IC 7.1-3-23.

Sec. 6. The insurance commissioner shall adopt rules under IC 4-22-2 to implement this chapter.

SECTION 16. IC 27-1-3-8.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.1. (a) An insurance company may sell a group policy of liability insurance to provide the coverage required under IC 7.1-3-27-1 to a group of persons described in IC 7.1-3-27-4.

(b) The commissioner shall, before January 1, 2009, adopt rules under IC 4-22-2 to implement IC 7.1-3-27.

(c) Rules adopted under subsection (a) shall do at least the

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following:

(1) Establish minimum amounts of liability insurance coverage or available self insurance funds that must be maintained by a person or group of persons described in IC 7.1-3-27.

(2) Establish maximum risk retainment amounts and minimum stop-loss coverage requirements for a person or group of persons described in IC 7.1-3-27 that comply with IC 7.1-3-27 by holding a certificate of self insurance.

(3) Establish a self-insurance certification process through which a certificate of self-insurance described in IC 7.1-3-27-2 is issued.

SECTION 17. IC 35-45-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. The provisions of this chapter do not apply to:

(1) pari-mutuel wagering conducted at racetrack locations or satellite facilities licensed for pari-mutuel wagering under IC 4-31; or

(2) wagering on horse races conducted through advance deposit wagering accounts authorized by IC 4-31-7.5.

SECTION 18. IC 35-45-5-12 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 12. This chapter does not apply to the following gambling games licensed or authorized under IC 4-36:**

(1) Raffles.

(2) Winner take all drawings.

(3) Type II gambling games.

SECTION 19. [EFFECTIVE UPON PASSAGE] (a) The insurance commissioner appointed under IC 27-1-1-2 shall adopt rules under IC 4-22-2 to implement IC 7.1-3-27, as added by this act, before January 1, 2009.

(b) This SECTION expires January 2, 2009.

SECTION 20. An emergency is declared for this act.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Public Policy, to which was referred House Bill 1153, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, between lines 28 and 29, begin a new line block indented and insert:

"(5) Slot machine wagering under IC 4-35."

Page 2, between lines 37 and 38, begin a new paragraph and insert:

"Sec. 6. "Executive director" means the executive director of the Indiana gaming commission appointed under IC 4-33-3-18."

Page 2, line 38, delete "6." and insert "7."

Page 3, line 6, delete "7." and insert "8."

Page 3, line 9, delete "8." and insert "9."

Page 3, line 10, delete "IC 4-36-6-1." and insert "IC 4-36-6-3."

Page 3, line 11, delete "9." and insert "10."

Page 3, line 14, delete "10." and insert "11."

Page 3, line 16, delete "11." and insert "12."

Page 3, line 18, delete "12." and insert "13."

Page 3, line 21, delete "13." and insert "14."

Page 3, line 24, delete "14." and insert "15."

Page 3, line 25, delete "15." and insert "16."

Page 3, line 27, delete "16." and insert "17."

Page 3, line 29, delete "17." and insert "18."

Page 3, line 34, delete "18." and insert "19."

Page 3, line 36, delete "19." and insert "20."

Page 3, line 39, delete "20." and insert "21."

Page 4, between lines 3 and 4, begin a new paragraph and insert:

"(c) The commission may by resolution assign to the executive director any duty imposed upon the commission by this article.

(d) The executive director shall perform the duties assigned to the executive director by the commission. The executive director may exercise any power conferred upon the commission by this article that is consistent with the duties assigned to the executive director under subsection (c)."

Page 4, line 12, after "3." insert "(a)".

Page 4, between lines 15 and 16, begin a new paragraph and insert:

"(b) The commission may adopt emergency rules under IC 4-22-2-37.1 for the administration of this article if the commission determines that:

(1) the need for a rule is so immediate and substantial that

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rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 are inadequate to address the need; and
(2) an emergency rule is likely to address the need."

Page 4, line 19, delete "qualified".

Page 4, line 23, after "article." insert **"A retailer's license allows the retailer to conduct type II gaming at only the licensed premises specified in the retailer's application under section 3(b)(2) of this chapter. An applicant must obtain a separate retailer's license for each licensed premises on which the applicant wishes to conduct type II gaming."**

Page 4, between lines 34 and 35, begin a new line block indented and insert:

"(5) A person holding a gambling game license issued under IC 4-35-5."

Page 4, between lines 40 and 41, begin a new line block indented and insert:

"(2) The name and address of the licensed premises for which the applicant seeks a retailer's license."

Page 4, line 41, delete "(2)" and insert "(3)".

Page 5, line 1, delete "(3)" and insert "(4)".

Page 9, between lines 21 and 22, begin a new line block indented and insert:

"(3) The retailer offering the type II gambling game.

(4) A person employed by the retailer offering the type II gambling game."

Page 9, between lines 22 and 23, begin a new paragraph and insert:

"Sec. 1. As used in this chapter, "county resident student" means a student who:

(1) resides in a county that makes a distribution required by section 7(a)(2) or 8(a)(2) of this chapter; and

(2) is enrolled in a school corporation that has at least some territory within the county in which the student resides.

Sec. 2. As used in this chapter, "school corporation" has the meaning set forth in IC 36-1-2-17."

Page 9, line 23, delete "1." and insert "3."

Page 9, line 25, delete "2." and insert "4."

Page 9, line 28, delete "3." and insert "5."

Page 9, line 33, delete "4." and insert "6."

Page 9, between lines 35 and 36, begin a new paragraph and insert:

"Sec. 7. (a) After funds are appropriated under section 6 of this chapter, each month the treasurer of state shall distribute the fees paid by a retailer under this article in the previous month to the

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county treasurer of the county in which the retailer is located for distribution as follows:

- (1) Two-thirds (2/3) for allocation among the county and the cities and towns located in the county.
- (2) One-third (1/3) for allocation among the school corporations located in the county.

(b) The county auditor shall distribute the money received by the county for allocation under subsection (a)(1) as follows:

- (1) To each city located in the county, according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county, according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(c) The money received by the county for allocation under subsection (a)(2) must be divided among the school corporations on a pro rata basis according to the ratio the number of county resident students enrolled in each school corporation bears to the total number of county resident students enrolled in the school corporations located in the county. Revenue received by a school corporation under this section is considered miscellaneous revenue.

(d) Money allocated under this section to a county, city, town, or school corporation may be used for any lawful purpose.

Sec. 8. (a) After funds are appropriated under section 6 of this chapter, each month the treasurer of state shall distribute the amount certified under IC 4-36-10-8 for a particular county to the county treasurer of that county for distribution as follows:

- (1) Two-thirds (2/3) for allocation among the county and the cities and towns located in the county.
- (2) One-third (1/3) for allocation among the school corporations located in the county.

(b) The county auditor shall distribute the money received by the county for allocation under subsection (a)(1) as follows:

- (1) To each city located in the county, according to the ratio the city's population bears to the total population of the county.
- (2) To each town located in the county, according to the ratio the town's population bears to the total population of the county.
- (3) After the distributions required in subdivisions (1) and (2)

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are made, the remainder shall be retained by the county.

(c) The money received by the county for allocation under subsection (a)(2) must be divided among the school corporations on a pro rata basis according to the ratio the number of county resident students enrolled in each school corporation bears to the total number of county resident students enrolled in the school corporations located in the county. Revenue received by a school corporation under this section is considered miscellaneous revenue.

(d) Money allocated under this section to a county, city, town, or school corporation may be used for any lawful purpose."

Page 10, line 39, delete "may, with the approval of the" and insert "may".

Page 10, line 40, delete "governor,".

Page 11, delete lines 2 through 3.

Page 11, line 4, delete "(3)" and insert "(2)".

Page 11, line 9, delete "(4)" and insert "(3)".

Page 11, line 11, delete "(5)" and insert "(4)".

Page 11, line 13, delete "(6)" and insert "(5)".

Page 11, line 17, delete "commissioner." and insert "executive director."

Page 11, line 22, delete "(7)" and insert "(6)".

Page 11, between lines 38 and 39, begin a new paragraph and insert:

"Sec. 4. (a) The state police department shall, at the request of the executive director, provide the following:

(1) Assistance in obtaining criminal history information relevant to investigations required for honest, secure, exemplary operations under this article.

(2) Any other assistance requested by the executive director and agreed to by the superintendent of the state police department.

(b) Any other state agency, including the alcohol and tobacco commission and the Indiana professional licensing agency, shall upon request provide the executive director with information relevant to an investigation conducted under this article."

Page 12, between lines 38 and 39, begin a new line block indented and insert:

"(4) The address of each retailer that purchased pull tabs, punchboards, or tip boards from the licensee in the previous calendar month."

Page 13, line 4, after "department" insert "on a monthly basis".

Page 13, between lines 15 and 16, begin a new paragraph and insert:

"Sec. 8. Each month the department shall calculate for each

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county the amount of taxes remitted under this chapter in the previous month that are attributable to the distribution of pull tabs, punchboards, and tip boards to retailers located in the county. Subject to the amounts appropriated to the commission under IC 4-36-6-6, the department shall certify to the treasurer of state and the county treasurer in each county the amount of the taxes remitted in the previous month that the county is entitled to receive under IC 4-36-6-8."

Page 14, between lines 9 and 10, begin a new paragraph and insert:
 "SECTION 5. IC 7.1-3-27 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 27. Liability Insurance

Sec. 1. Except as provided in section 2 of this chapter, a person who:

- (1) holds a retailer license or permit; and
- (2) sells alcoholic beverages for consumption on the licensed or permitted premises;

shall procure and, after December 31, 2008, continuously maintain a policy of liability insurance to cover the person's liability for damages arising out of the person's sale of alcoholic beverages for consumption on the licensed premises.

Sec. 2. (a) A person described in section 1 of this chapter is not required to maintain liability insurance under section 1 of this chapter if the person holds a certificate of self-insurance issued under this section.

(b) The department of insurance may, upon the application of a person described in section 1 of this chapter, issue to the person a certificate of self-insurance if the department of insurance is satisfied that the person making the application possesses and will continue to possess the ability to pay a judgment obtained against the person for damages arising out of the person's sale of alcoholic beverages for consumption on the licensed premises.

Sec. 3. The minimum amounts of insurance coverage or self-insurance required under this chapter shall be established in rules adopted by the insurance commissioner under section 5 of this chapter.

Sec. 4. A person who violates this chapter is subject to the penalties set forth in IC 7.1-3-23.

Sec. 5. The insurance commissioner shall adopt rules under IC 4-22-2 to implement this chapter."

Page 14, after line 16, begin a new paragraph and insert:

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"SECTION 7. [EFFECTIVE UPON PASSAGE] (a) **The insurance commissioner appointed under IC 27-1-1-2 shall adopt rules under IC 4-22-2 to implement IC 7.1-3-27, as added by this act, before January 1, 2009.**

(b) This SECTION expires January 2, 2009.

SECTION 8. **An emergency is declared for this act."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1153 as introduced.)

VAN HAAFTEN, Chair

Committee Vote: yeas 9, nays 2.

HOUSE MOTION

Mr. Speaker: I move that House Bill 1153 be amended to read as follows:

Page 2, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 2. IC 4-32.2-4-9, AS AMENDED BY P.L.227-2007, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 9. (a) The commission may issue an annual raffle license to a qualified organization if:

- (1) the provisions of this section are satisfied; and
- (2) the qualified organization:
 - (A) submits an application; and
 - (B) pays a fee set by the commission under IC 4-32.2-6.

(b) The application for an annual raffle prize license must contain the following:

- (1) The name of the qualified organization.
- (2) The location where the raffle events will be held.
- (3) The names of the operator and officers of the qualified organization.

(c) A license issued under this section:

- (1) ~~may~~ **must** authorize the qualified organization to conduct raffle events ~~on more than one (1) occasion at any time~~ during a period of one (1) year;
- (2) must state the locations of the permitted raffle events;
- (3) must state the expiration date of the license; and
- (4) may be reissued annually upon the submission of an application for reissuance on the form established by the

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commission and upon the licensee's payment of a fee set by the commission.

(d) A license issued under this section is not required for raffles permitted under section 13 of this chapter at events held under a bingo license, a special bingo license, a charity game night license, a door prize license, or an annual door prize license.

SECTION 3. IC 4-32.2-5-6, AS AMENDED BY P.L.227-2007, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 6. (a) **Except as provided in IC 4-32.2-4-9 and IC 4-32.2-4-16.5**, a qualified organization may not conduct more than three (3) allowable events during a calendar week and not more than one (1) allowable event each day.

(b) Except as provided in **IC 4-32.2-4-9**, IC 4-32.2-4-12, and IC 4-32.2-4-16.5, allowable events may not be held on more than two (2) consecutive days.

(c) A qualified organization may conduct one (1) additional festival event during each six (6) months of a calendar year."

Renumber all SECTIONS consecutively.

(Reference is to HB 1153 as printed January 25, 2008.)

VAN HAAFTEN

HOUSE MOTION

Mr. Speaker: I move that House Bill 1153 be amended to read as follows:

Page 2, between lines 7 and 8, begin a new paragraph and insert:

"SECTION 2. IC 4-32.2-2-21, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 21. "Operator" means an individual who is:

(1) designated under IC 4-32.2-5-1.5 to serve as the operator for an allowable event; and

(2) responsible for conducting an allowable event for a qualified organization under this article in accordance with Indiana law.

SECTION 3. IC 4-32.2-2-30, AS AMENDED BY P.L.227-2007, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 30. **Except as provided in IC 4-32.2-5-14(b)**, "worker" means an individual who helps or participates in any manner in conducting or assisting in conducting an allowable event under this article.

SECTION 4. IC 4-32.2-3-3, AS AMENDED BY P.L.227-2007,

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SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) The commission shall adopt rules under IC 4-22-2 for the following purposes:

- (1) Administering this article.
- (2) Establishing the conditions under which charity gaming in Indiana may be conducted, **including the manner in which a qualified organization may supervise a euchre game conducted under IC 4-32.2-5-14(b).**
- (3) Providing for the prevention of practices detrimental to the public interest and providing for the best interests of charity gaming.
- (4) Establishing rules concerning inspection of qualified organizations and the review of the licenses necessary to conduct charity gaming.
- (5) Imposing penalties for noncriminal violations of this article.
- (6) Establishing standards for independent audits conducted under IC 4-32.2-5-5.

(b) The commission may adopt emergency rules under IC 4-22-2-37.1 if the commission determines that:

- (1) the need for a rule is so immediate and substantial that rulemaking procedures under IC 4-22-2-13 through IC 4-22-2-36 are inadequate to address the need; and
- (2) an emergency rule is likely to address the need.

SECTION 5. IC 4-32.2-5-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: **Sec. 1.5. For each allowable event conducted under this article, a qualified organization shall designate an individual to serve as the operator of the allowable event. An individual designated under this section must be qualified to serve as an operator under this article.**

SECTION 6. IC 4-32.2-5-14, AS ADDED BY P.L.91-2006, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 14. (a) An operator or a worker may not directly or indirectly participate, other than in a capacity as an operator or a worker, in an allowable event that the operator or worker is conducting.

(b) A patron at a charity game night may deal the cards in a card game if:

- (1) the card game in which the patron deals the cards is a game of euchre;
- (2) the patron deals the cards in the manner required in the ordinary course of the game of euchre; and
- (3) the euchre game is played under the supervision of the

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qualified organization conducting the charity game night in accordance with rules adopted by the commission under IC 4-32.2-3-3.

A patron who deals the cards in a euchre game conducted under this subsection is not considered a worker or an operator for purposes of this article."

Renumber all SECTIONS consecutively.

(Reference is to HB 1153 as printed January 25, 2008.)

VAN HAAFTEN

HOUSE MOTION

Mr. Speaker: I move that House Bill 1153 be amended to read as follows:

Page 17, line 9, after "licensed" insert "**or permitted**".

Page 17, line 23, delete "5" and insert "6".

Page 17, line 25, after "4." insert "**Two (2) or more persons described in section 1 of this chapter may comply with this chapter by joining together to form a group for the purpose of:**

(1) **purchasing a group policy of liability insurance; or**

(2) **mutual risk sharing of losses of members of the group through self insurance approved by the department of insurance as described in section 2 of this chapter;**

to provide the coverage or ability to pay a judgement as required under this chapter.

Sec. 5."

Page 17, line 27, delete "5." and insert "6".

Page 17, between lines 28 and 29, begin a new paragraph and insert:
"SECTION 6. IC 27-1-3-8.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8.1. (a) An insurance company may sell a group policy of liability insurance to provide the coverage required under IC 7.1-3-27-1 to a group of persons described in IC 7.1-3-27-4.

(b) The commissioner shall, before January 1, 2009, adopt rules under IC 4-22-2 to implement IC 7.1-3-27.

(c) Rules adopted under subsection (a) shall do at least the following:

(1) Establish minimum amounts of liability insurance coverage or available self insurance funds that must be

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maintained by a person or group of persons described in IC 7.1-3-27.

(2) Establish maximum risk retainment amounts and minimum stop-loss coverage requirements for a person or group of persons described in IC 7.1-3-27 that comply with IC 7.1-3-27 by holding a certificate of self insurance.

(3) Establish a self-insurance certification process through which a certificate of self-insurance described in IC 7.1-3-27-2 is issued."

Renumber all SECTIONS consecutively.

(Reference is to HB 1153 as printed January 25, 2008.)

TYLER

HOUSE MOTION

Mr. Speaker: I move that House Bill 1153 be amended to read as follows:

Page 2, between lines 29 and 30, begin a new paragraph and insert:

"Sec. 4. Nothing in this article may be construed to authorize the use of an electronic gaming device in a type II gambling operation."

Page 2, between lines 38 and 39, begin a new paragraph and insert:

"Sec. 6. "Electronic gaming device" has the meaning set forth in IC 35-45-5-1."

Page 2, line 39, delete "6." and insert "7."

Page 2, line 41, delete "7." and insert "8."

Page 3, line 9, delete "8." and insert "9."

Page 3, line 12, delete "9." and insert "10."

Page 3, line 14, delete "10." and insert "11."

Page 3, line 17, delete "11." and insert "12."

Page 3, line 19, delete "12." and insert "13."

Page 3, line 21, delete "13." and insert "14."

Page 3, line 24, delete "14." and insert "15."

Page 3, line 27, delete "15." and insert "16."

Page 3, line 28, delete "16." and insert "17."

Page 3, line 30, delete "17." and insert "18."

Page 3, line 32, delete "18." and insert "19."

Page 3, line 37, delete "19." and insert "20."

Page 3, line 39, delete "20." and insert "21."

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Page 3, line 42, delete "21." and insert "**22.**".

Page 13, line 15, delete "(3)" and insert "**(2)**".

(Reference is to HB 1153 as printed January 25, 2008.)

STUTZMAN

HOUSE MOTION

Mr. Speaker: I move that House Bill 1153 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 4-31-7-1, AS AMENDED BY P.L.233-2007, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) A person holding a permit to conduct a horse racing meeting or a license to operate a satellite facility may provide a place in the racing meeting grounds or enclosure or the satellite facility at which the person may conduct and supervise the pari-mutuel system of wagering by patrons of legal age on the horse races conducted or simulcast by the person. The person may not permit or use:

(1) another place other than that provided and designated by the person; or

(2) another method or system of betting or wagering.

However, a permit holder licensed to conduct gambling games under IC 4-35 may permit wagering on slot machines at a racetrack as permitted by IC 4-35.

(b) Except as provided in section 7 of this chapter, ~~and~~ IC 4-31-5.5, **and IC 4-31-7.5**, the pari-mutuel system of wagering may not be conducted on any races except the races at the racetrack, grounds, or enclosure for which the person holds a permit.

SECTION 2. IC 4-31-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) The following equipment must be provided and maintained in good working order at each permit holder's racetrack or satellite facility, as applicable:

(1) A totalizator for win, place, and show wagering. The totalizator must:

(A) be of a design approved by the commission;

(B) be capable of registering by automatic mechanical, electric, or electronic means on central aggregators all wagers made on each horse, entry, or the field in each of the win,

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place, and show pools;

(C) display the totals wagered in a manner that permits ready tabulation and recording of those totals by the commission's representative before they are cleared from the central aggregators; and

(D) display to the public on a board running totals of amounts wagered in each of the win, place, and show pools on each entry in each race.

(2) A telephone system connecting the judges' stand with the office of the pari-mutuel plant and any other stations considered necessary by the commission.

(3) A system of bells that shall be rung from the judges' stand to signal the close of wagering.

(4) A button in the judges' stand that, when pressed, will lock ticket-issuing machines and close wagering for each race.

(b) In addition to the requirements of subsection (a), a permit holder may conduct exotic wagering only by the use of automatic mechanical, electric, or electronic devices that:

(1) print and issue tickets evidencing individual wagers;

(2) locally print a permanent record of the tickets issued by each machine or register on central aggregators by automatic mechanical, electric, or electronic means the total dollar value of those tickets; and

(3) permit ready tabulation and recording of those figures by the commission's representative before they are cleared from the central aggregators.

(c) The commission may waive the requirements of subsection (b) if the commission determines by rule that other systems or technologies are available and sufficient to safeguard the public.

(d) This section does not apply to a licensed SPMO (as defined by IC 4-31-7.5-5).

SECTION 3. IC 4-31-7.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]:

Chapter 7.5. Advance Deposit Wagering

Sec. 1. In enacting this chapter, it is the intent of the general assembly to recognize changes in technology for pari-mutuel wagering and to retain for the Indiana horse racing industry a portion of revenues generated by Indiana residents on wagers placed with secondary pari-mutuel organizations.

Sec. 2. As used in this chapter, "account holder" means an Indiana resident who has established an advance deposit wagering

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account.

Sec. 3. As used in this chapter, "advance deposit wagering" means a system of pari-mutuel wagering in which wagers, made in person, by telephone, or through communication by other electronic means, are debited and payouts credited to an account.

Sec. 4. As used in this chapter, "advance deposit wagering account" means an account for advance deposit wagering held by a licensed SPMO.

Sec. 5. As used in this chapter, "licensed SPMO" means a secondary pari-mutuel organization licensed under this chapter.

Sec. 6. As used in this chapter, "other electronic means" means communication by any electronic communication device, including personal computers, the internet, private networks, interactive televisions and wireless communication technologies, an Interactive computer service as defined in IC 35-45-5-1, or other technologies approved by the commission.

Sec. 7. As used in this chapter, "secondary pari-mutuel organization" means an entity that offers advance deposit wagering.

Sec. 8. As used in this chapter, "source market fee" refers to the amount of an advance deposit wager made on any race:

- (1) through a licensed SPMO; and
- (2) by an individual whose principal residence is within Indiana at the time the wager is made;

that a permit holder is entitled to receive from the licensed SPMO under the terms of the contract required by section 10 of this chapter between the licensed SPMO and each permit holder.

Sec. 9. Advance deposit wagering is permitted in Indiana, subject to this chapter and to rules adopted by the commission.

Sec. 10. (a) A licensed SPMO may accept wagers for races conducted within or outside Indiana. Wagers made under this chapter are considered to have been made in Indiana.

(b) A licensed SPMO must have a single written contract signed by each permit holder. The contract must be approved by the commission. The contract must:

- (1) specify the manner in which the amount of the source market fee is determined for each permit holder; and
- (2) govern all other aspects of the business relationship between the licensed SPMO and each permit holder.

(c) A permit holder may not enter into an exclusive agreement with a licensed SPMO.

Sec. 11. The commission shall adopt rules under IC 4-22-2,

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including emergency rules, to implement this chapter, including but not limited to rules that prescribe:

- (1) procedures for verifying the age of a person opening an advance deposit wagering account or placing a wager with a licensed SPMO;
- (2) requirements for opening and administering advance deposit wagering accounts;
- (3) a guarantee or acceptable surety that the full value of balances in an advance deposit wagering account will be paid;
- (4) record keeping requirements;
- (5) licensure procedures, including investigation of applicants, forms for licensure and procedures for renewal; and
- (6) civil penalties for violations of this chapter or a rule adopted by the commission.

Sec. 12. A licensed SPMO shall comply with all applicable federal laws.

Sec. 13. A secondary pari-mutuel organization applying for a license under this chapter must provide:

- (1) Written evidence of approval, by the appropriate regulatory authority in each state where the secondary pari-mutuel organization is licensed, to conduct advance deposit wagering.
- (2) A copy of a proposed contract executed by the applicant and each permit holder to satisfy the requirements of section 10 of this chapter.
- (3) A nonrefundable application fee of five thousand dollars (\$5,000).
- (4) A complete application on a form prescribed by the commission.
- (5) Any other information required by the commission.

Sec. 14. The commission may require an applicant to pay any costs for background checks, investigation, and review of the license application in excess of five thousand dollars (\$5,000).

Sec. 15. (a) The commission may issue to a secondary pari-mutuel organization a license to offer advance deposit wagering to Indiana residents if the commission:

- (1) finds that the applicant satisfies the requirements of this chapter and the rules adopted by the commission under section 11 of this chapter; and
- (2) approves the contract submitted under section 13 of this chapter.

(b) The term of a license issued under this chapter is one (1)

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year.

(c) The annual license renewal fee is one thousand dollars (\$1,000).

Sec 16. The total amount of source market fees to be paid to purses shall be determined by contracts between a permit holder and the applicable horsemen's associations, subject to approval of the commission.

Sec. 17. A secondary pari-mutuel organization that is not licensed under this chapter may not accept a wager from a person whose physical location is within Indiana at the time the wager is made.

Sec. 18. A person less than twenty one (21) years of age may not open, own, or have access to an advance deposit wagering account.

Sec. 19. (a) A permit holder has a right of action against a secondary pari-mutuel organization that accepts a wager in violation of section 17 of this chapter.

(b) If the plaintiff prevails in an action filed under this section, the plaintiff is entitled to the following:

- (1)** An injunction to enjoin future violations of this chapter.
- (2)** Compensatory damages equal to any actual damage proven by the plaintiff. If the plaintiff does not prove actual damage, the plaintiff is entitled to presumptive damages of five hundred dollars (\$500) for each wager placed in violation of this chapter.
- (3)** The plaintiff's reasonable attorney's fees and other litigation costs reasonably incurred in connection with the action.

(c) A secondary pari-mutuel organization that accepts a wager in violation of section 17 of this chapter submits to the jurisdiction of Indiana courts for purposes of this chapter."

Page 17, between lines 28 and 29, begin a new paragraph and insert:

"SECTION 10. IC 35-45-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 5. The provisions of this chapter do not apply to:

- (1)** pari-mutuel wagering conducted at racetrack locations or satellite facilities licensed for pari-mutuel wagering under IC 4-31; or
- (2)** wagering on horse races conducted through advance deposit wagering accounts authorized by IC 4-31-7.5."

Renumber all SECTIONS consecutively.

(Reference is to HB 1153 as printed January 25, 2008.)

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